Before The

Aederal Communications Commission

Washington, D.C. 20554



DOCKET FILE COPY ORIGINAL

Deferral of Licensing of MTA Commercial Broadband PCS

GN Docket No. 93-253 ET Docket No. 92-100

American Portable Telecommunications Inc.,

Applicant for PCS Licenses in the following Markets:

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Mkt. 12, Atlanta, Freq. Block B	File No. 00021-CW-L-95
Mkt. 13, Tampa-St. Petersburg-Orlando, Freq. Block A	File No. 00022-CW-L-95
Mkt. 14, Houston, Freq. Block A	File No. 00024-CW-L-95
Mkt. 21, Pittsburgh, Freq. Block B	File No. 00039-CW-L-95
Mkt. 34, Kansas City, Freq. Block B	File No. 00065-CW-L-95
Mkt. 38, Columbus, Freq. Block B	File No. 00073-CW-L-95
Mkt. 49, Alaska, Freq. Block A	File No. 00094-CW-L-95
Mkt. 50, Guam-N. Mariana Islands, Freq. Block B	File No. 00097-CW-L-95

Ameritech Wireless Communications, Inc.,

Applicant for PCS Licenses in the following Markets:

Mkt. 16, Cleveland, Freq. Block A	File No. 00028-CW-L-95
Mkt. 31, Indianapolis, Freq. Block B	File No. 00059-CW-L-95

AT&T Wireless Communications, Inc.,

Applicant for PCS Licenses in the following Markets:

cant for PCS Licenses in the following Markets:	
Mkt. 03, Chicago, Freq. Block A	File No. 00003-CW-L-95
Mkt. 05, Detroit, Freq. Block A	File No. 00007-CW-L-95
Mkt. 06, Charlotte-Greensboro-Greenville-Raleigh,	
Freq. Block A	File No. 00009-CW-L-95
Mkt. 08, Boston-Providence, Freq. Block A	File No. 00013-CW-L-95
Mkt. 09, Philadelphia, Freq. Block A	File No. 00015-CW-L-95
Mkt. 10, Washington-Baltimore, Freq. Block B	File No. 00017-CW-L-95
Mkt. 11, Atlanta, Freq. Block A	File No. 00018-CW-L-95
Mkt. 16, Cleveland, Freq. Block B	File No. 00029-CW-L-95
Mkt. 18, Cincinnati-Dayton, Freq. Block A	File No. 00032-CW-L-95
Mkt. 19, St. Louis, Freq. Block A	File No. 00034-CW-L-95
Mkt. 23, Richmond-Norfolk, Freq. Block A	File No. 00042-CW-L-95
Mkt. 25, Puerto Rico-U.S. Virgin Islands, Freq. Block A	File No. 00046-CW-L-95
Mkt. 26, Louisville-Lexington-Evansville, Freq. Block A	File No. 00048-CW-L-95
Mkt. 27, Phoenix, Freq. Block A	File No. 00050-CW-L-95

Mkt. 35, Buffalo-Rochester, Freq. Block B Mkt. 38, Columbus, Freq. Block A Mkt. 39, El Paso-Albuquerque, Freq. Block B Mkt. 43, Nashville, Freq. Block B Mkt. 44, Knoxville, Freq. Block A Mkt. 45, Omaha, Freq. Block A Mkt. 46, Wichita, Freq. Block A	File No. 00067-CW-L-95 File No. 00072-CW-L-95 File No. 00075-CW-L-95 File No. 00083-CW-L-95 File No. 00084-CW-L-95 File No. 00086-CW-L-95 File No. 00088-CW-L-95
BellSouth Personal Communications, Inc., Applicant for PCS Licenses in the following Markets: Mkt. 06, Charlotte-Greensboro-Greenville-Raleigh, Freq. Block B Mkt. 44, Knoxville, Freq. Block B	File No. 00010-CW-L-95 File No. 00085-CW-L-95
Centennial Cellular Corporation, Applicant for a PCS License in the following Market: Mkt. 25, Puerto Rico-U.S. Virgin Islands, Freq. Block B	File No. 00047-CW-L-95
Communications International Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block B	File No. 00099-CW-L-95
Cox Cable Communications, Inc., Applicant for a PCS License in the following Market: Mkt. 45, Omaha, Freq. Block B	File No. 00087-CW-L-95
GCI Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 49, Alaska, Freq. Block B	File No. 00095-CW-L-95
GTE Macro Communications Corporation, Applicant for PCS Licenses in the following Markets: Mkt. 11, Atlanta, Freq. Block B Mkt. 18, Cincinnati-Dayton, Freq. Block B Mkt. 22, Denver, Freq. Block B Mkt. 24, Seattle, Freq. Block A	File No. 00019-CW-L-95 File No. 00033-CW-L-95 File No. 00041-CW-L-95 File No. 00044-CW-L-95
Pacific Telesis Mobile Services, Applicant for PCS Licenses in the following Markets: Mkt. 02, Los Angeles-San Diego, Freq. Block B Mkt. 04, San Francisco-Oakland-San Jose, Freq. Block B	File No. 00002-CW-L-95 File No. 00006-CW-L-95

PCS PRIMECO, L.P.,	
Applicant for PCS Licenses in the following Markets:	
Mkt. 03, Chicago, Freq. Block B	File No. 00004-CW-L-95
Mkt. 03, Chicago, Freq. Block B Mkt. 07, Dallas-Fort Worth, Freq. Block A	File No. 00004-CW-L-95
Mkt. 13, Tampa-St. Petersburg-Orlando, Freq. Block B	File No. 00011-CW-L-95
	File No. 00025-CW-L-95
Mkt. 14, Houston, Freq. Block B	File No. 00023-CW-L-95
Mkt. 15, Miami-Ft. Lauderdale, Freq. Block B	File No. 00027-C w-L-95
Mkt. 17, New Orleans-Baton Rouge, Freq. Block B	File No. 00037-CW-L-95
Mkt. 20, Milwaukee, Freq. Block B	File No. 00037-C W-L-95
Mkt. 23, Richmond-Norfolk, Freq. Block B	File No. 00043-CW-L-95
Mkt. 33, San Antonio, Freq. Block B Mkt. 37, Jacksonville, Freq. Block B	File No. 00003-C W-L-95
Mkt. 47, Honolulu, Freq. Block B	File No. 000/1-C w-L-95
Wiki. 47, Honolulu, Fleq. Block B	File No. 00091-C W-L-93
PhillieCo, L.P.,	
Applicant for a PCS License in the following Market:	
Mkt. 09, Philadelphia, Freq. Block B	File No. 00016-CW-L-95
Poka Lambro Telephone Cooperative, Inc.,	
Applicant for PCS Licenses in the following Markets:	
Mkt. 42, Spokane-Billings, Freq. Block A	File No. 00080-CW-L-95
Mkt. 50, Guam-N. Mariana Islands, Freq. Block A	File No. 00098-CW-L-95
D. A. D. D. C. D.	
Powertel PCS Partners, L.P.,	
Applicant for PCS Licenses in the following Markets:	TH N. 000 TO CHILL 05
Mkt. 28, Memphis-Jackson, Freq. Block A	File No. 00052-CW-L-95
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Mkt. 29, Birmingham, Freq. Block B	File No. 00055-CW-L-95
Mkt. 29, Birmingham, Freq. Block B Mkt. 37, Jacksonville, Freq. Block A	File No. 00055-CW-L-95 File No. 00070-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A	
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation,	
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market:	File No. 00070-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation,	
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A	File No. 00070-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A Southwestern Bell Mobile Systems, Inc.,	File No. 00070-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A Southwestern Bell Mobile Systems, Inc., Applicant for PCS Licenses in the following Markets:	File No. 00070-CW-L-95 File No. 00098-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A Southwestern Bell Mobile Systems, Inc., Applicant for PCS Licenses in the following Markets: Mkt. 28, Memphis-Jackson, Freq. Block B	File No. 00070-CW-L-95 File No. 00098-CW-L-95 File No. 00053-CW-L-95
Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A Southwestern Bell Mobile Systems, Inc., Applicant for PCS Licenses in the following Markets: Mkt. 28, Memphis-Jackson, Freq. Block B Mkt. 40, Little Rock, Freq. Block A	File No. 00070-CW-L-95 File No. 00098-CW-L-95 File No. 00053-CW-L-95 File No. 00076-CW-L-95
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Mkt. 37, Jacksonville, Freq. Block A South Seas Satellite Communications Corporation, Applicant for a PCS License in the following Market: Mkt. 51, American Samoa, Freq. Block A Southwestern Bell Mobile Systems, Inc., Applicant for PCS Licenses in the following Markets: Mkt. 28, Memphis-Jackson, Freq. Block B Mkt. 40, Little Rock, Freq. Block A Mkt. 48, Tulsa, Freq. Block A Western PCS Corporation, Applicant for PCS Licenses in the following Markets: Mkt. 30, Portland, Freq. Block A	File No. 00070-CW-L-95 File No. 00098-CW-L-95 File No. 00053-CW-L-95 File No. 00076-CW-L-95 File No. 00092-CW-L-95
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Mkt. 41, Oklahoma City, Freq. Block A File No. 00078-CW-L-95 Mkt. 47, Honolulu, Freq. Block A File No. 00090-CW-L-95 WirelessCo, L.P., Applicant for PCS Licenses in the following Markets: Mkt. 01, New York, Freq. Block B File No. 00001-CW-L-95 Mkt. 04, San Francisco-Oakland-San Jose, Freq. Block B File No. 00005-CW-L-95 Mkt. 05, Detroit, Freq. Block B File No. 00008-CW-L-95 Mkt. 07, Dallas-Fort Worth, Freq. Block B File No. 00012-CW-L-95 Mkt. 08, Boston-Providence, Freq. Block B File No. 00014-CW-L-95 Mkt. 12, Atlanta, Freq. Block A File No. 00020-CW-L-95 Mkt. 15, Miami-Ft. Lauderdale, Freq. Block A File No. 00026-CW-L-95 Mkt. 17, New Orleans-Baton Rouge, Freq. Block A File No. 00030-CW-L-95 Mkt. 19, St. Louis, Freq. Block B File No. 00035-CW-L-95 Mkt. 20, Milwaukee, Freq. Block A File No. 00036-CW-L-95 Mkt. 21, Pittsburgh, Freq. Block A File No. 00038-CW-L-95 Mkt. 22, Denver, Freq. Block A File No. 00040-CW-L-95 Mkt. 24, Seattle, Freq. Block B File No. 00044-CW-L-95 Mkt. 26, Louisville-Lexington-Evansville, Freq. Block A File No. 00047-CW-L-95 Mkt. 27. Phoenix, Freq. Block B File No. 00051-CW-L-95 Mkt. 29, Birmingham, Freq. Block A File No. 00054-CW-L-95 Mkt. 30, Portland, Freq. Block B File No. 00057-CW-L-95 Mkt. 31, Indianapolis, Freq. Block A File No. 00058-CW-L-95 Mkt. 32, Des Moines-Quad Cities, Freq. Block B File No. 00061-CW-L-95 Mkt. 33, San Antonio, Freq. Block A File No. 00062-CW-L-95 Mkt. 34, Kansas City, Freq. Block A File No. 00064-CW-L-95 Mkt. 35, Buffalo-Rochester, Freq. Block A File No. 00066-CW-L-95 Mkt. 36, Salt Lake City, Freq. Block B File No. 00069-CW-L-95 Mkt. 40, Little Rock, Freq. Block B File No. 00077-CW-L-95 Mkt. 41, Oklahoma City, Freq. Block B File No. 00079-CW-L-95 Mkt. 42, Spokane-Billings, Freq. Block B File No. 00081-CW-L-95 Mkt. 43, Nashville, Freq. Block A File No. 00082-CW-L-95 Mkt. 46, Wichita, Freq. Block B File No. 00089-CW-L-95 Mkt. 48, Tulsa, Freq. Block B File No. 00093-CW-L-95

CONSOLIDATED REPLY TO OPPOSITIONS TO PETITION TO DENY AND REQUEST FOR STAY AND APPLICATION FOR REVIEW AND REQUEST FOR STAY

National Association of Black Owned Broadcasters

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CONSOLIDATED REPLY TO OPPOSITIONS TO PETITION TO DENY AND REQUEST FOR STAY AND APPLICATION FOR REVIEW AND REQUEST FOR STAY

On May 12, 1995, The National Association of Black Owned Broadcasters, Inc. ("NABOB"), Percy E. Sutton, individually ("Sutton"), and the National Association for the Advancement of Colored People ("NAACP") (jointly referred to herein as "the Minority Petitioners") filed a petition to deny and request for stay of the above-captioned applications of the eighteen winners of the Commission's auction of 99 broadband PCS licenses for the A and B block MTA frequencies (the "Petition to Deny"), and filed an application for review and request for stay of the Commission's decision in Deferral of Licensing of MTA Commercial Broadband PCS, GN Docket No. 93-253, ET Docket No. 92-100, released April 12, 1995 (the "Application for Review")

The Petition to Deny and the Application for Review demonstrated that the Commission has failed to comply with its statutory obligations with respect to the conduct of the A and B block broadband PCS auctions and must stay the licensing of the A and B frequencies in order to comply with its statutory obligations. The Petition to Deny and the Application for Review also demonstrated that circumstantial evidence exists which indicates that there may have been restraints of trade in the A and B auctions by the auction winners.

The Petition to Deny and the Application for Review requested that the Commission take two actions. First they requested the Commission to stay the licensing of the A and B block frequencies until the Commission is ready to license the C block frequencies. Second, they requested the Commission to conduct an investigation of the conduct of the A and B block winners to determine whether any improper allocation of frequencies was engaged in by the winning bidders.

As expected, the winners of the A and B block auctions have filed a torrent of paper opposing the Petition to Deny and the Application for Review. Also as expected, these oppositions are long on rhetoric and short on substance.

As will be demonstrated below, these oppositions, whether taken individually or collectively, simply fail to address the very serious issues raised by the Petition to Deny and the Application for Review and also fail to demonstrate that the Petition to Deny and Application for Review should be denied. Therefore, the Commission should grant the relief requested by the Petition to Deny and Application for Review and stay the issuance of the A and B block licenses and conduct an investigation of the conduct of the A and B block auction winners to determine whether the winners engaged in improper allocation of frequencies.

The Petition to Deny and Application for Review demonstrated that the Commission should grant the requested stay, citing the four part test enunciated by the United States Court of Appeals for the District of Columbia Circuit in Washington Metropolitan Area Transit Comm'n v. Holiday Tours, Inc., 559 F.2d 841, 843 (D.C. Cir. 1977). The oppositions to the Petition to Deny and Application for Review concede that the four part test in Holiday Tours is applicable to the Petition to Deny and Application for Review, but then proceed to misapply it.

The oppositions take the position that, under the four part test in <u>Holiday Tours</u>, each part of the test has equal weight, that the Minority Petitioners must demonstrate that each part of the test has been met to the same degree and that the Minority Petitioners must demonstrate that they are

The four part test is 1) have the Minority Petitioners made a strong showing that they are likely to prevail on the merits? 2) Have the Minority Petitioners shown that without a stay they will be irreparably injured? 3) Would the issuance of a stay substantially harm other parties interested in the proceedings? 4) Where lies the public interest?

likely to prevail on the merits, i.e., have greater than a fifty percent chance of prevailing. Nothing could be further from the truth.

The D. C. Circuit has made it clear that, where the movant demonstrates that the balance of hardships tips decidedly in favor of the movant (i.e., the movant will suffer serious irreparable injury while the non-movants will not suffer equal or greater hardship) and the public interest will be served by the issuance of a stay, the movant does not have to also demonstrate a probability of success on the merits. Instead, all that the movant must show in such circumstances is that the movant has made a substantial case on the merits. Holiday Tours, 559 F.2d at 883.

The D.C. Circuit has summarized this holding as follows:

To justify a temporary injunction it is not necessary that the plaintiff's right to a final decision after a trial, be absolutely certain, wholly without doubt; if other elements are present (i.e., the balance of hardships tips decidedly toward plaintiff), it will ordinarily be enough that the plaintiff has raised questions going to the merits so serious, substantial, difficult and doubtful, as to make them a fair ground for litigation and thus for more deliberative investigation.

Id. at 884 (quoting, Hamilton Watch Co. v. Benrus Watch Co., 206 F.2d 738, 740 (1953) (emphasis added).

The Minority Petitioners have demonstrated that they will suffer irreparable injury if the stay is not granted. While the oppositions claim that this injury is "speculative," it is clear that, without a stay, the C block bidders will experience a loss of access to capital, a loss of base station cell sites, a loss of distributors and retailers and a loss of market share. And the A and B block winners will surely gain a competitive advantage if the C block bidders experience these losses. See Petition to Deny at 16 to 18, Application for Review at 16-18.

The simple fact is that these losses, if they are allowed to occur, will be devastating to the

C block bidders. Indeed, these losses easily could have catastrophic effects on the C block bidders' ability to start up and become competitive.

In contrast, the A and B block winners have not been able to identify any similar devastating effects on them if a stay is granted. At most, the opponents identify the time value of their auction payments to date. However, those payments constitute only 20% of the total auction payments; the other 80% would not become due until after the FCC grants licenses to the A and B block winners. While an irritant, this burden will not prevent any A or B block winner from competing in the marketplace or threaten the viability of any A or B block winner.

When viewed in this context, the balance of the hardships tips decidedly in favor of the Minority Petitioners. On the one hand the Minority Petitioners face severe and irreparable -- indeed devastating -- injury if a stay is not granted, while on the other hand the A and B block winners face a relatively minor inconvenience and expense if a stay is granted.

A stay will also serve the public interest. The opponents assert that a stay will frustrate the Congressional policy of encouraging an early start of PCS service. In enacting the Section 309(j) of the Communications Act, 47 U.S.C. Section 309(j), Congress did indeed direct the Commission to develop a bidding system that would promote the objective of development of new technologies, products and services without administrative or judicial delays. However, Congress also directed the Commission to develop a bidding system with the objective of:

promoting economic opportunity and competition and ensuring that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses to a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.

47 U.S.C. Section 309(j)(1)(b) (emphasis added).

Congress also instructed that the Commission, in prescribing bidding regulations, shall promote the "economic opportunity for a wide variety of applicants, including small businesses, rural telephone companies and businesses owned by members of minority groups and women." 47 U.S.C. Section 309(j)(2)(a) (emphasis added).

Unless the requested stay is granted, this express Congressional mandate to promote the economic opportunity of a wide variety of applicants, including businesses owned by members of minority groups, by disseminating licenses among a wide variety of applicants, including businesses owned by members of minority groups, will be wholly thwarted. If the stay is granted, however, the other stated Congressional policy of speeding the deployment of new technologies, products and services will not be seriously impacted.

The foregoing establishes that the balance of the hardships tips decidedly in favor of the Minority Petitioners. In addition, the public interest favors the granting of the stay. The only remaining part of the four part test is likelihood of success on the merits.

As demonstrated above, once it is determined that the balance of the hardships tips decidedly in favor of the Minority Petitioners, they need not show with mathematical precision a probability that they will succeed on the merits. It is enough that they show that they have "... raised questions going to the merits so serious, substantial, difficult and doubtful, as to make them a fair ground for litigation and thus for more deliberative investigation." Holiday Tours, 559 F.2d at 884. That they clearly have done.

The Minority Petitioners have shown that Congress has established a policy requiring the Commission to promote the economic opportunity of a wide variety of applicants, including businesses owned by members of minority groups, by disseminating licenses among a wide variety

of applicants, including businesses owned by members of minority groups. 47 U.S.C. Section 309(j). The A and B block winners do not seriously contest this fact.

The Minority Petitioners also have shown that the bidding results of the A and B block auctions have the classic characteristics of a "territorial allocation," an unfair business practice under the antitrust laws. Petition to Deny at 12 to 14, Application for Review at 11-15. The A and B block winners complain that the Minority Petitioners do not have a "smoking gun" to back up the conclusion that there in fact was any agreement to allocate territories. According to the A and B block winners, circumstantial evidence strongly suggesting territorial allocations is not enough for the Commission to act favorably on the Petition to Deny and Application for Review.

This argument by the A and B block winners overlooks the obvious fact that, without compulsory process, it would be almost impossible to uncover a "smoking gun" showing the existence of territorial allocation. Those violating the antitrust laws rarely, if ever, voluntarily and publicly admit such misconduct. At this stage, all that can be expected is circumstantial evidence of misconduct, like that presented in the Petition to Deny and Application for Review. In addition, the D. C. Circuit has specifically held that an agreement in violation of the antitrust laws can be proven solely with circumstantial evidence. Kreuzer v. American Academy of Periodontology, 735 F.2d 1429 (D.C. Cir. 1984). Thus, circumstantial evidence like that presented by the Minority Petitioners is not only enough to support a petition to deny, it is enough to support a jury verdict finding a conspiracy which violates the antitrust laws. Id.

At a minimum, the Minority Petitioners have shown that there is a serious, substantial and difficult question at to whether the Commission's decision to conduct the A and B block auctions first, taken together with the delays in the start of the C block auction, will have the effect of totally

frustrating this Congressional policy of promoting economic opportunity for the members of minority groups. Also, there is strong circumstantial evidence that raises a substantial question of whether there was anticompetitive conduct by A and B block auction winners. At a minimum, these questions are sufficiently serious, substantial, difficult and doubtful as to make them fair ground for litigation, and thus for more deliberative investigation. Holiday Tours, 559 F.2d at 844.

The Minority Petitioners have demonstrated that, under the four part <u>Holiday Tours</u> test, the Commission should grant their motion for a stay. Therefore, the Commission should grant the Minority Petitioners' motion for a stay of the issuance of licenses to the A and B block auction winners.

In addition, the Minority Petitioners have demonstrated that there is sufficient circumstantial evidence of anticompetitive conduct by the winners of A and B block auctions that the Commission should conduct an investigation of the auction conduct of the winners. The Commission then should deny the licenses of any A or B block auction winners found to have engaged in any illegal anticompetitive conduct with respect to the auctions.

Conclusion

The Minority Petitioners have shown that their Petition to Deny and Request for Stay and Application for Review and Request for Stay should be granted. The Commission should deny the applications of all A and B block bidders determined to have engaged in any illegal anticompetitive activities in the auctions and should stay the licensing of the A and B block PCS frequencies until the Commission is ready to license the C block frequencies.

Respectfully submitted,

THE NATIONAL ASSOCIATION OF BLACK OWNED BROADCASTERS, INC.

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CERTIFICATE OF SERVICE

I, Kathy Nickens, a secretary in the law firm of Rubin, Winston, Diercks, Harris & Cooke do hereby certify that a copy of the attached CONSOLIDATED REPLY TO OPPOSITIONS TO PETITION TO DENY AND REQUEST FOR STAY AND APPLICATION FOR REVIEW AND REQUEST FOR STAY was served this 7th day of June, 1995 to the following persons by first class mail, postage prepaid:

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